

November 1, 2014

**MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE
REPORT PURSUANT TO IC 4-23-30-6**

Overview

The Mortgage Lending and Fraud Prevention Task Force (“Task Force”) held meeting each month, during the 2014 fiscal calendar, with the exception of September. Representatives from the Indiana Department of Financial Institutions, the Indiana Office of the Attorney General, the Indiana Secretary of State-Securities Division, the Indiana Department of Insurance, the Indiana Real Estate Commission and the Real Estate Appraiser Licensure and Certification Board were in attendance. Each meeting included a public session followed by a closed executive session, as needed. The October 2014 meeting was attended by a Special Agent of the Office of the Inspector General (OIG) United States Department of Urban Development (HUD). The two entities discussed mutual interests and potential points of collaboration and information sharing. The HUD-OIG Special Agent communicated the value of the information collected and stored in the Residential Real Estate Acquisition of Licensee Information and Numbers (RREAL IN) database, as an investigative tool. The HUD-OIG Special Agent or other representative will return to future task force meetings as schedules permit.

IC 4-23-30-4 outlines the duties of the task force. The task force shall meet each month to coordinate the State of Indiana’s efforts to regulate the various participants involved in originating, issuing, and closing home loans. Group will strive to enforce state laws and rules concerning mortgage industry practices and mortgage fraud and prevent fraudulent practices in the home loan industry. Information and resources will be shared among the agencies unless prohibited by law.

Shared Knowledge and the RREAL IN Database - Pursuant to Indiana Code 27-7-3-15.5, beginning January 1, 2010, all persons or entities that close certain real estate transactions are required to report detailed information regarding professionals, organizations and agencies involved in the transactions to the Residential Real Estate Acquisition of Licensee Information and Numbers (RREAL IN) database. Users required to enter information into the database include lending institutions, title producers, mobile notaries, and attorneys who close qualifying transactions.

All required information must be entered into the RREAL IN database within 10 business days of the transaction closing (signing) date. Currently, there are no exclusions for licensed professionals, companies, agencies, or institutions from providing the required information or being recorded as part of the transaction, if they participated in a professional capacity, associated with said transaction.

Information and user training material on the RREAL IN database are available to potential users online. Also, user training via conference call is available to resident and non-resident licensees.

Ongoing communication to all targeted licensees is necessary to help increase awareness of the RREAL IN database and the subsequent reporting requirements.

The RREALIN database makes information readily available to a variety of state agencies. Current state agencies that have established access to the RREALIN database for research, investigative and reporting purposes include the Department of Insurance, the Attorney General’s Office, the Department of Financial Institutions, the Secretary of State, and the Indiana Professional Licensing Agency; Real Estate Commission and the Real Estate Appraiser Licensure and Certification Board. With the assistance of information sharing across these agencies and data collected from the RREAL IN database, cases of fraud and abuse continue to be identified, investigated and the necessary legal or administrative action taken, as necessary to prevent future activity and protect Indiana consumers.

Since the inception of the RREAL IN Database on January 1 2010, an additional \$81,650 has been investment of to improve functionality, enhance reporting capabilities, and add additional form-fields, to collect additional transaction data. Changes to the initial reporting requirements were effective January 1, 2012, with the passing of HB 1273. The growth of the database and expansion of the reporting requirements has enabled the agencies comprising the Task Force to cast a wider net; focusing on additional transaction details that represent additional areas of fraud and abuse, associated with qualifying residential transactions.

As a result of the 2014 field audits/exams, conducted by the Department of Financial Institutions and the Department of Insurance, many lending institutions, title agencies and other closers retroactively reported an unspecified number of qualifying transactions, which were previously unsubmitted for 2012 - 2014 reporting periods.

Current RREAL IN Database statistics:

Registered User Accounts	Transactions Submitted since Inception of the Database
4165	944,482

YTD Inquiries	YTD Transaction Edits/Additions Request	YTD Password Resets	YTD Transactions Submitted
3849	3321	23	149,731

For more information regarding the RREALIN database, please visit the website at: http://in.gov/apps/in_oreal/Login.aspx

The following information is required by IC 4-23-30-6 to be placed into a Legislative Report and submitted to the Legislative Services Agency on or before November 1, 2014.

I. Information on the regulatory activities of each agency described in subsection (b), including a description of any:

(A) Disciplinary or Enforcement Actions Taken

Indiana Office of the Attorney General

The Indiana Office of the Attorney General- Licensing Enforcement & Homeowner Protection Unit has jurisdiction to investigate and prosecute the activities of professional licensees and seek discipline of their licenses. Discipline ranges from revocation to a letter of reprimand. In addition, the Indiana Office of the Attorney General has jurisdiction to bring civil actions against any person who commits deception or misrepresentation in the home buying process, and any person acting as a credit services organization or foreclosure consultant who is not in compliance with Indiana law. The Indiana Office of the Attorney General also has authority to bring civil and/or administrative actions concerning individuals and entities committing the unlicensed practice of a regulated profession.

**Civil Complaints and Assurances of Voluntary Compliance
Filed October 2, 2013 – October 1, 2014**

Case Name	Filing Date	County of Filing	Brief Case Summary
State of Indiana v. Resolution Service	10/4/2013	Marshall	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and Indiana Deceptive Consumer Sales Act.

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State of Indiana v. Lender Pressure and Paul Michael Headley, Jr., et al.	10/09/2013	Marion	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act and the Indiana Home Loan Practices Act.
State of Indiana v. Clear Image Financial Group, Inc., et al.	10/10/2013	Marion	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act, the Indiana Home Loan Practices Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. U.S. Consumer Solutions, et al.	10/15/2013	Elkhart	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act and the Indiana Home Loan Practices Act.
State of Indiana v. Prodigy Law Group, Inc., et al.	10/15/2013	Lake	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act, the Indiana Home Loan Practices Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. David Shaw, et al.	10/31/2013	Marion	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and the Indiana Deceptive Consumer Sales Act.

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State of Indiana v. C.H. Hudson Group, Corp., et al.	11/04/2013	Marion	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act, the Indiana Home Loan Practices Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. Carin Henderson	11/6/2013	Marion	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Home Loan Practices Act and Indiana Deceptive Consumer Sales Act.
State of Indiana v. Home Retention Solutions and Management, LLC, et al.	11/12/2013	St. Joseph	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. Law Offices of Greta L. Wilson, LLC	11/19/2013	Marion	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.

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State of Indiana v. PMG Lending Group	12/6/2013	Lake	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Deceptive Consumer Sales Act.
State of Indiana v. Liberty Credit Law, P.C.	12/12/2013	Lake	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and Indiana Deceptive Consumer Sales Act.
State of Indiana v. Ameri Vest Co., LLC., and Edward E. Smith	12/26/2013	Marion	Defendant engaged in deceptive actions in connection with real estate transactions. In the initial pleading, the State alleged violations of Indiana Home Loan Practices Act.
State of Indiana v. Law Offices of Alexis M. Rabbani, P.A.	1/16/2014	Marion	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.

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State of Indiana v. Consumer Attorney Services, P.A., et al.	1/21/2014	Marion	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and Indiana Deceptive Consumer Sales Act.
State of Indiana v. Northpoint Financial Processing, LLC., et al.	01/23/2014	Hancock	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act, the Indiana Home Loan Practices Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. ABM Mitigation Corp., et al.	01/27/2014	Elkhart	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act, the Indiana Home Loan Practices Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. Mortgage Solutions Clearing House, Inc., et. al	02/03/2014	Whitley	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act, the Indiana Home Loan Practices Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.

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State of Indiana v. Federal Loan Modification Law Center, LLP., et al.	02/03/2014	Adams	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act and the Indiana Home Loan Practices Act.
State of Indiana v. Mortgage Auditing Solutions (a/k/a National Mortgage Help Center), (a/k/a The Loan Consultants), et al.	2/3/2014	Allen	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and Indiana Deceptive Consumer Sales Act.
State of Indiana v. W.T. Lee & Associates, LLC	2/7/2014	St. Joseph	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. R.M.A. Legal Network, et al.	2/14/2014	Lake	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.

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State of Indiana v. Asset Acquisition Group	2/21/2014	Marion	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. AFS Loan Modification Corp., et al.	02/28/2014	Knox	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act, the Indiana Home Loan Practices Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. Homeowner Defense Group, LLC	3/13/2014	Hamilton	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. Aslin Duhancioglu d/b/a First American Mortgage Solutions	3/20/2014	LaPorte	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and Indiana Deceptive Consumer Sales Act.

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State of Indiana v. Budget Property Group, LLC., et al.	03/21/2014	Marion	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act, the Indiana Home Loan Practices Act, and the Indiana Deceptive Consumer Sales Act.
State of Indiana v. Mortgage Relief Advocates, LLC	3/28/2014	Elkhart	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. Debtors Protection Law Group, Inc., et al.	03/31/2014	Marion	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. Carlos Euyoque, et al.	3/31/2014	Marion	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and Indiana Deceptive Consumer Sales Act.

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State of Indiana v. Nationwide Legal Group	4/1/2014	Morgan	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Home Loan Practices Act and Indiana Deceptive Consumer Sales Act.
State v. Home Mitigation Center, d/b/a Retention help Center, et al.	4/7/2014	Marion	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and Indiana Deceptive Consumer Sales Act.
State of Indiana v. Midwest Preparation Services	4/9/2014	Hamilton	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and Indiana Deceptive Consumer Sales Act.
State of Indiana v. Philip Danielson, LLC (d/b/a Danielson Law Group; Danielson Law Group, LLC; DLG Law, P.C.; DLG Legal; and American	4/9/2014	Bartholomew	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.

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Mortgage Assistance Center), et al.			
State of Indiana v. Upchurch Real Estate, LLC	4/21/2014	Marion	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged a violation of the Indiana Home Loan Practices Act.
State of Indiana v. Brunty Law Firm, et al.	4/21/2014	Fulton	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. Sentry Legal PLLC (a/k/a Sentry Law Firm), et al.	4/22/2014	Marion	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.

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State of Indiana v. Dan Michaels, et al.	4/25/2014	Marion	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and Indiana Deceptive Consumer Sales Act.
State of Indiana v. Network Solutions Center, Inc.	5/30/2014	Allen	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. Shela Amos and Beverly Cannedy	6/30/2014	Marion	Defendants operated as foreclosure consultants without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Home Loan Practices Act and Indiana Deceptive Consumer Sales Act.
State of Indiana v. Consumer First Legal Group	7/22/2014	Hamilton	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.

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State of Indiana v. Global Retention U.S., d/b/a Retention Department U.S., et al.	7/22/2014	Marion	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and Indiana Deceptive Consumer Sales Act.
State of Indiana v. Legal Affiliates Group (d/b/a Homeowner Defense Group), et al.	7/22/2014	Marion	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. Home Relief Assistance, et al.	7/22/2014	Marion	Defendants operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.
State of Indiana v. Select Debt Solutions, Select Mortgage Corp.	7/24/2014	Elkhart	Defendant operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.

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<p>State of Indiana v. Another Level Capital Venture, Inc., d/b/a J.A.S. Legal Network, d/b/a Allstate Integrated Legal Network, et al.</p>	<p>7/24/2014</p>	<p>Elkhart</p>	<p>Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act, and failing to obtain a Certificate of Authority from the Indiana Secretary of State.</p>
<p>State of Indiana v. George A. Zarris and Fairview Crossing, LLC., et al.</p>	<p>07/30/2014</p>	<p>Scott</p>	<p>Defendant engaged in deceptive acts in connection with real estate transactions. In the initial pleading, the State alleged violations of the Indiana Home Loan Practices Act and the Indiana Business Corporation Law Act.</p>

Consumer Protection Assistance Fund

In 2011, the Indiana General Assembly passed legislation that created the Consumer Protection Assistance Fund (“CPAF”). CPAF provides relief to consumers who assist the Office of the Attorney General in bringing legal action against businesses preying on the financially vulnerable. Since its creation, it has paid out more than **\$430,000.00** to Indiana consumers based on civil actions brought by the Licensing Enforcement & Homeowner Protection Unit for violations of the Home Loan Practices Act, Mortgage Rescue Protection Act, and Credit Services Organization Act.

**Final Orders for Civil Complaints and Assurance of Voluntary Compliance
between October 2, 2013 and October 1, 2014**

Total Number of Cases with Final Order	Consumer Restitution	Costs	Civil Penalties	CPAF Ordered
48	\$258,755.95	\$29,435.00	\$2,338,000.00	\$2,000.00

Real Estate Appraiser Administrative Cases October 2, 2013 and October 1, 2014

Total Number of Cases Filed	Cease & Desist	Revocation	Suspension	Probation	Letter of Reprimand	Dismissal	Warning Letter with Conditions*	Pending
5	1	0	3	1	0	0	13	0

Real Estate Administrative Cases October 2, 2013 and October 1, 2014

Total Number of Cases Filed	Cease & Desist	Revocation	Suspension	Probation	Letter of Reprimand	Dismissal	Warning Letter with Conditions*	Pending
43	4	1	2	6	8	3	1	18

Consumer Restitution	Civil Penalty
\$8,080.00	\$3,375.00

*A warning letter with conditions is an alternative way for a consumer complaint to be resolved for minor violations that would normally constitute an administrative complaint being filed with the board or commission. This resolution to the consumer complaint provides for licensees to resolve the issue without formal action being reflected in their licensing file. The conditions most often included in a warning letter with conditions require the licensee to complete continuing education coursework within a specified timeframe. If the licensee does not complete the continuing education coursework within the specified timeframe, the Office of the Attorney General may file an administrative complaint before the appropriate board or commission.

From the period October 2, 2013 and October 1, 2014, the Indiana Office of the Attorney General has received zero (0) consumer complaints concerning the improper influence of an appraiser.

The Indiana Office of the Attorney General actively uses the RREAL IN database administered by the Indiana Department of Insurance. The data is used to assist in on-going investigations and utilized to identify proactive cases.

Indiana Secretary of State – Securities Division

(A) Disciplinary or Enforcement Actions Taken

The Indiana Secretary of State, Securities Division has jurisdiction concerning administrative enforcement of the Indiana Loan Broker Act (IC 23-2-5) (“Act”). The Act gives the Securities Commissioner the authority to deny, suspend, or revoke the license of any licensee and issue orders such as cease and desist orders, orders requiring loan brokers to appear for a hearing, and other notices. After the opportunity for a hearing, the Commissioner may order other remedies including a civil penalty up to ten thousand dollars (\$10,000), restitution for victims, and other remedies to recoup financial losses for victims if the Commissioner determines that a person has violated the Act.

Loan Broker and Originator Cases Filed October 1, 2013 – September 30, 2014

Total Number of Cases Filed	Revocation of Licenses	Denials of Licenses	Cease & Desist Orders¹	Orders to Show Cause²	Consent Agreements³	Other Orders	Civil Penalties Ordered
32	0	0	1	0	29	2	\$21,250

¹ Cease and Desist Orders are orders issued by the Securities Commissioner for the Respondent to immediately cease and desist from violating the Indiana Loan Broker Act.

² Order to Show Cause is an order issued by the Securities Commissioner for the Respondent to appear at a hearing and show cause why a loan broker or originator license should not be revoked or why civil penalties should not be levied against the Respondent.

³ Consent Agreement is an order signed by the Securities Commissioner outlining an agreement between the Securities Division and a Respondent in response to potential violations; frequently includes civil penalties from the Respondent.

Indiana Department of Insurance

The Title Insurance Division investigates consumer complaints of title agencies and companies. Typically a resolution is reached wherein consumer monies are recovered without Departmental administrative action. The total amount of monies the Title Division participated in recovering for consumers is also outlined below.

The Department assists in the detection of mortgage fraud in several ways. By enforcing the compliance of title agencies; monitoring closing transactions and issuing fines, assuring the integrity of the RREAL IN database. The increased quality and quantity of the data submitted and available in the RREAL IN database should serve to enhance the investigative abilities of member agencies in pursuit of fraudulent and deceptive practices.

The Department has increased efforts to identify areas of violation related to Inducement of Title Insurance Business (Bulletin 158). Leads to investigate such violations are a result of onsite exams, “whistle-blower” reporting and departmental staff observation of such violations in various medians of advertising and social media outlets.

On August 27, 2014, in compliance with IC 27-1-22-8 (0), the Department created and posted the consumer title insurance Rate Comparison Tool, on its webpage. The Rate Comparison Tool includes Owner and Lender policy pricing rates for varying amounts of coverage. Title Insurer contact info and additional coverage information relative to policy information, is available in the tool.

Title Insurance Administrative Actions and Monies Recovered November 1, 2013 – November 1, 2014

Final Orders Issued	RREAL IN Fines	Suspension	Fines collected	Consumer Monies Recovered
33	\$50,740.00	0	\$13,627.00	\$38,738.00

Title Insurance Agency Examinations Initiated October 17, 2013 – September 30, 2014

Title Insurance Agency Examinations Initiated	Title Insurance Agency Examinations Completed
160	141

Indiana Professional Licensing Agency

The Indiana Professional Licensing Agency continues to work on creating more uniformity among the various professional boards' compliance departments. There has been some development with respect to a uniform litigation tracking system, but more is needed in terms of following up on discipline decisions. The Indiana Real Estate Commission ("Commission") and the Real Estate Appraiser Licensure & Certification Board have started developing a tracking process which will streamline the discipline decision follow up.

The Indiana's real estate profession experienced significant changes this past year. Salespersons had to upgrade their license before July 1, 2014 to a broker license by completing a 24 hour transition course. Indiana's real estate industry now consists of managing brokers and brokers. The license renewal period is 3 years and pre licensing education is 90 hours. The transition period started on 7/1/2012. Since then the Commission has issued 11,316 broker licenses. 7,167 of those have been issued since January 2014. 3,468 of those were issued in June of 2014. On the last day of the transition period, 6/30/2014 the Commission staff waited on 172 walk-in and accepted 150-200 drop off applications.

The next piece of the transition process is determining how the Commission will view applicants from other states in terms reciprocity and how other states will view applicants from Indiana. The process may be drawn out but it will improve real estate opportunities for Indiana brokers. It will also open interstate dialogue which will help in the regulation of the profession.

While the Real Estate Commission has just completed a very substantive change to the regulation of the industry, the Real Estate Appraiser Board ("Board") is approaching one of its own. In order to meet new federal requirements the Board has made a series of changes to the qualifications of appraisers in Indiana. These changes include the requirement that certified residential appraisers have a bachelor's degree (or higher) from an accredited college or university. The new criteria will come into effect January 1, 2015.

Appraisal management companies have become a hot topic in the accountancy world and a push for determining a regulatory/tracking policy will be at the front of the Board's agenda for the following year.

**Indiana Professional Licensing Agency Administrative Complaints
Indiana Real Estate Commission and Real Estate Appraiser Board
Between November 1, 2013 – November 1, 2014**

Complaints	Motions to Cease and Desist	Summary Suspensions with Real Estate Commission
40	5	2

Indiana Department of Financial Institutions

LICENSING and EXAMINATION SUMMARY:

First Lien Mortgage Lending:

- Approved Licenses – 47 - from October 1, 2013 to September 30, 2014
- Current Active Licenses - 332
- Examinations completed in the reporting period – 85

Subordinate Lien Mortgage Lending:

- Approved licenses – 6 – from October 1, 2013 to September 30, 2014
- Currently Active Licenses - 88
- Examinations completed in the reporting period - 23

Mortgage Loan Originator:

- Approved licenses – 2,275 – from October 1, 2013 to September 30, 2014
- Currently Active Licenses – 6,937

Common Mortgage Examination Errors:

- HUD-1 errors due to changes at closing.
- Ability to repay. For those borrowers with excessive top and/or bottom debt ratios a memorandum should be in the file clearly stating compensating factors
- Affiliated business disclosures not completed or not accurately completed. If the business is an affiliate, the lender should have extensive knowledge of the fees imposed.

- Changes in computer programs including advertising of mortgage terms, resulting in Regulation X, Real Estate Settlement Procedures Act, and Regulation Z, Truth-in-Lending errors.
- Residential Real Estate Acquisition of Licensee Information and Numbers Database (“RREAL IN”). RREAL IN is statutorily mandated by Indiana Code 27-7-3-15.5.

(B) Criminal Prosecutions Pursued

Indiana Office of the Attorney General

NONE

Indiana Secretary of State - Securities Division

The Indiana Secretary of State, Securities Division created the Prosecution Assistance Unit (“PAU”) in 2004, as a unit of investigators and attorneys with law enforcement experience. These investigators and attorneys investigate violations of the Indiana Uniform Securities Act and Loan Broker Act with a goal of presenting those cases for criminal prosecution to county prosecutors or United States Department of Justice. Most violations of the Loan Broker Act are a Class C felony, but it is a Class B felony if the violation occurs against an individual over the age of sixty (60).

Defendant Name	Prosecuting Agency	Indictment Date	Case Status	Sentence
Christopher Meeks	Henry County Prosecutor	July 2009	Complete	

Christopher Meeks - Christopher Meeks had two criminal cases involving loan broker fraud, including Henry County Indiana and Rush County Indiana. In Rush County Meeks was charged with one (1) felony count of acting as an unlicensed loan broker and one (1) felony count of loan broker fraud; Meeks pleaded guilty and was sentenced on March 29, 2011 to Theft, as a lesser included offense, and received one (1) year on formal Probation. Meeks paid \$1,000 (full) restitution to the victims in the case as well as fines, costs, and a public defender contribution.

In the Henry County case, Meeks was charged with (1) felony count of acting as an unlicensed loan broker and (2) felony counts of loan broker fraud relating to his loan transaction as an unlicensed broker. After a bench trial, the Judge found Meeks guilty of (1) felony count of acting as an unlicensed loan broker and not guilty of the (2) fraud counts. Meeks was sentenced to 2 years – 30 days to be served in custody on weekends and the balance to be served on home detention. (No restitution was ordered).

(C) Policies Issued (Rules, Bulletins, Consumer Advisories)

Indiana Office of the Attorney General

The IN OAG dedicates a considerable amount of resources to educate and alert consumers, including those practicing within the real estate industry.

Foreclosure Prevention and Awareness Efforts – The IN OAG continues on its mission to educate Hoosiers about foreclosure consultants and loan modification schemes. Furthermore, the IN OAG takes every opportunity to provide consumers with information concerning legitimate foreclosure assistance. One of those legitimate avenues of assistance is housed with the Licensing Enforcement & Homeowner Protection Unit who has dedicated staff to medicate loan serving issues for Indiana consumers. Those issues include, but are not limited to, loan modifications, escrow issues, misapplied payment issues or concerns, and the home buying/home owning process. Numerous members of IN OAG staff have spoken to groups of individuals inside and outside the real estate industry about these topics. In fact, Attorney General Zoeller is so passionate about these topics that he personally files civil complaints against foreclosure consultants to heighten the media attention about these fraudsters.

Consumer Education - The IN OAG utilizes every means possible to reach out to consumers and warn them of emerging topics. Those means of communication include press releases, IN OAG website, Facebook, Twitter, and the Outreach Program dedicated to educating and assisting underserved population of Indiana.

Indiana Secretary of State - Securities Division

On July 1, 2013, the Division adopted the new SAFE MLO National Test with Uniform State Content. The Division was one of the early adopters of the new test. As of October 2014, 46 state agencies have adopted the new test format. The SAFE Act of 2008 requires mortgage loan originators to pass the SAFE MLO test before they can be licensed through the NMLS. All states also required a applicants to pass a state component test before being licensed. The new SAFE MLO test replaces the national and state components that applicants were required to take in the past. The new test allows MLOs seeking a license with the Division to take a single test component to satisfy the SAFE Act and Division testing requirements. Additionally, applicants who successfully pass the new SAFE MLO test will not need to take any additional state-specific tests to seek licensure with any state agency who has adopted the new test. The Division did a substantial email campaign detailing the changes and options for all license holders.

Indiana Department of Financial Institutions:

Mortgage Loan Originators (MLOs) are regulated by DFI under 750 IAC 9, et al.

Below is a link to the HUD final rule for the federal SAFE Act for Mortgage Loan Originators (MLO's) effective August 31, 2011.

http://www.in.gov/dfi/files/HUD_Final_SAFE.pdf

First lien dwelling secured lenders are regulated under IC 24-4.4 and Subordinate lien dwelling secured lenders are regulated under IC 24-4.5.

As of October 13, 2014, 85 routine examinations of First Lien Mortgage Lenders in 2014 resulted in the DFI finding some instances of the closing agent not having updated all of the information in the RREALIN database as required by IC 27-7-3-15.5. Creditors, including state chartered depositories and licensed mortgage lenders, are advised during the examination and in the DFI written examination report of the need for full compliance with this provision and ensuring that their closing agent is complying. Also, providing consumers evidence of the "Indiana Property Tax Benefits" form under IC 6-1.1-12-43 and IC 24-4.5-3-701 and the form required by the office of the Attorney General under IC 24-5-23.5-8 as to certain disclosures under the Homeowner Protection Unit.

Indiana Professional Licensing Agency

Since November of 2013, the Real Estate Commission has promulgated the following rules:

- LSA Document #13-450 - Amends the Board's authority to approve real estate appraiser continuing education courses, removing the exception of courses over 7 hours in length, and updates 876 IAC to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 regarding licensing requirements for individuals licensed in another state and continuing education requirements for trainee appraisers.
- LSA Document #14-30 - Amends 876 IAC 3-6-2 to incorporate by reference the 2014-2015 edition of the Uniform Standards of Professional Practice (USPAP). Amends 876 IAC 3-6-3 to update the revisions to USPAP mostly based on the changes in the 2014-2015 edition.
- LSA Document #14-60 - Amends 876 IAC 3-3-19 to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 regarding licensing requirements for individuals licensed in another state. Amends 876 IAC 3-5-1 to comply with the Dodd-Frank Act regarding continuing education requirements for trainee appraisers. Amends 876 IAC 3-5-2 regarding the board's authority to approve real estate appraiser continuing education courses.

- LSA Document #14-61 - This proposed rule repeals all of the Commission's rules (except 876 IAC 3 concerning the licensure of appraisers) and adds new rules (876 IAC 5 through 9) in their place. Most of the changes are based upon recent legislation (P.L. 127-2012 (SEA 275) and P.L. 200-2013 (SEA 615)) among other things addressing the elimination of the salesperson license and educational requirements for brokers. Other rules are reorganized and streamlined with some changes in substantive requirements. Adds 876 IAC 5 to add definitions and fee schedule. Adds 876 IAC 6 to add definitions and requirements for real estate schools, establishes the hours of classroom instruction for real estate broker prelicensing education, establishes real estate broker licensing exam requirements, and adds other related miscellaneous provisions. Adds 876 IAC 7 to establish requirements for sponsors of continuing education for real estate licensees, establishes managing broker educational requirements, establishes postlicensing educational requirements, establishes the continuing education requirements for brokers including managing brokers, establishes instructor continuing education requirements, and other related miscellaneous requirements. Adds 876 IAC 8 to establish broker supervision requirements, escrow account requirements, advertising requirements, provisions regarding listing agreements, offers to purchase, closing statements, attendance at closings, licensee interest in property, incompetent practice, fee appraisals conducted by licensed brokers, and other miscellaneous requirements concerning the practice of real estate. Adds 876 IAC 9 to provide the sellers disclosure form.

Additionally, the Real Estate Commission is in the process of promulgating the following rules:

- LSA Document #14-304 - Amends 876 IAC 3-3-3.1 to require that appraiser trainees complete a supervisor/trainee course to meet licensure requirements and requires that qualifying education be completed within the five (5) years prior to the date of application. Amends 876 IAC 3-3-4.1 to require a bachelor's degree for licensure as a certified residential appraiser and to allow qualifying education to be obtained through an accredited college or university. Amends 876 IAC 3-3-5.1 to require a bachelor's degree for licensure as a certified general appraiser and to allow qualifying education to be obtained through an accredited college or university. Repeals 876 IAC 3-3-5.2. Amends 876 IAC 3-6-9 to require certified residential and certified general appraisers to hold an Indiana certification for at least three (3) years before acting as a supervisor, have no disciplinary action taken within the last three (3) years against an appraiser license or certification in any jurisdiction that affects the supervisory appraiser's legal ability to engage in appraisal practice, and allows a supervisor to supervise up to three (3) trainees at the same time. Amends 876 IAC 3-6-10 to require that certified residential and certified general appraisers complete the supervisor/trainee course prior to commencing association with an appraiser trainee and modifies the requirements of the course.

(D) Legislative Recommendations Made

Indiana Office of the Attorney General

In preparation for the 2014 legislative session, the Licensing Enforcement & Homeowner Protection Unit examined and studied all the laws within its purview and the cases that the Licensing Enforcement & Homeowner Protection Unit litigated utilizing these laws. The purpose of this study was to ascertain whether any legislative changes needed to be made to better enforce those laws.

The Licensing Enforcement & Homeowner Protection Unit recommends that the following legislative changes be made:

- That the confidentiality provision for consumer complaints located in IC 25-1-7-10 be modified to allow employees of the Licensing Enforcement & Homeowner Protection Unit to disclose a consumer complaint not only for the advancement of an investigation by the office of attorney general but for the advancement of an investigation by another law enforcement agency as well.

Indiana Secretary of State

None.

Department of Financial Institutions

2014 Legislative Amendments to the Indiana Code Relating to First Lien Mortgage Act and the Uniform Consumer Credit Code

Why were the terms "consumer credit sale" in the First Lien Mortgage Act ("FLMA"), and "consumer credit sale", "consumer loan", "consumer related loan" and "consumer related sale" in the Uniform Consumer Credit Code ("UCCC") amended?

Answer: "Consumer credit sale" at IC 24-4.4-1-301(5) and IC 24-4.5-1-301.5(8); "consumer loan" at IC 24-4.5-1-301.5 (9); "consumer related sale" at IC 24-4.5-2-602; and "consumer related loan" at IC 24-4.5-3-602 are being amended effective July 1, 2014:

1. To increase the exempt threshold amount to \$53,500; and
2. To be consistent with Regulation Z by applying the same factors in determining whether a credit transaction exceeds the exempt threshold amount specified in Regulation Z.

Although the amendments in HEA 1245 did not make all the changes that had historically been made when these dollar amounts were adjusted, it did make significant dollar adjustments to the following four sections of the UCCC:

1. **IC 24-4.5-2-407** was amended to increase the amount of the debt on which a consumer credit seller may take a subordinate mortgage lien from \$1,000 (as adjusted pursuant to IC 24-4.5-1-106 on July 1, 2012 to \$3,600) to \$4,000 or more.
2. **IC 24-4.5-3-510** was amended to increase the principal amount of a supervised loan that can be secured by interest in land from \$1,000 (as adjusted to \$3,600) to \$4,000 or more.

HEA 334 Mortgage Lending: The bill provides for an exemption from licensing under the First Lien Mortgage Act (FLMA) and UCCC for certain companies who sponsor independent agents as mortgage loan originators (MLOs). It was supported by State Farm to accommodate its particular corporate structure of independent agents who have exclusive contracts with State Farm. With DFI recommendation, the scope of the exemption was limited to apply only to federal savings banks¹ which have exclusive contracts with agents who hold valid insurance producer licenses in Indiana and obtain mortgage loan origination licenses under 750 IAC 9 *et seq.* Under this provision, the company is exempt from licensing under FMLA, but it will be responsible for the surety bond for the agents who must get fully licensed as mortgage loan originators. The Department was neutral on the bill, but advised its supporters that we would not object to the legislation which would exempt the company from licensing so long as the exemption was narrowly constructed, the agents became licensed as MLOs (meeting the background checks, education and bonding requirements) and that we receive assurance from the CFPB that the legislation complies with the mandates imposed upon states under the federal SAFE Act.

II. Description of Any Challenges Encountered by the Task Force This Year or That Are Anticipated by the Task Force in the Current Fiscal Year

1. With the mortgage market continuing its slow and steady recovery, the Task Force expects to see new and different attempts to “beat the system” of prudent underwriting of loans and safeguards to ensure all parties are not acting in a concerted, fraudulent, scheme to defraud the lender, the customer, the regulator, or all of the above. As regulators of various participants in the mortgage system, all members of the Task Force will have to adapt to these new schemes and determine the best way to identify and prevent.
2. We continue to face challenges, as in previous years, with getting harmed consumers the consumer restitution awarded by the civil courts, boards, or commissions. To address this issue regarding civil actions brought by the OAG concerning the Home Loan Practices Act, the Mortgage Rescue Protection Fraud Act, and the Credit Services Organizations Act, the General Assembly created the Consumer Protection Assistance Fund. As detailed in Section I(A) above, this Fund has paid out over \$430,000 to consumers for real estate related violations since its creation in 2011.
3. As indicated in the previous report, the challenge of successful enforcement of RREAL IN reporting requirements, for qualifying transactions on non-resident licensees, is on-

going. While reporting of transactions for all licensee groups (title agencies, notaries, lenders, etc.) has increased, reporting for non-resident licensees and industry professionals outside the jurisdiction of Task Force agencies represent an unspecified number of unreported transactions. A potential solution to this challenge could be the solicitation of support from other states through the inclusion of RREAL IN reporting requirements in the Indiana initiative, as part of the National Mortgage Fraud Task Force discussions.

4. It has been determined that an unspecified number of duplicate transactions have been reported in the RREAL IN database. The System Administrator is currently working with IOT and the software vendor (NAIC) to upgrade the database functionality to prevent the entry of records where the transaction type, buyer/borrower name, property address and closing date match previously submitted transactions.
5. The Task Force continually works together to identify ways to close the gap on the awareness of its existence, activities and collective effort to co marginalize and combat mortgage fraud. To help with these efforts, a Mortgage Lending and Fraud Prevention Task Force CLE was held on November 15th, hosted by the Office of the Attorney general. The continuing education event, targeting attorneys and open to examiners and investigators, included an hour of Ethics training. Each Task Force agency, delivered an agency specific presentation that aligned with the Task Force initiatives.

III. Recommendations by the Task Force for Legislation Necessary to Assist the Task Force in Carrying Out the Duties Set Forth in IC 4-23-30-4

1. The clearest manifestation of the cooperation between all members of the Task Force (Indiana Department of Insurance, Office of the Attorney General, Indiana Professional Licensing Agency, Secretary of State, Securities Division and Department of Financial Institutions) is the RREALIN database. Those companies and individuals licensed by each state agency's authority are required to provide information to the database, and all members utilize this information to investigate potential violations of Indiana law. As such a crucial component, the ongoing operation of the database is a priority likely without equal for this Task Force. In last year's report to this council, the Task Force described the anticipated challenge of making improvements to the RREALIN database. Also discussed was the possibility that fines imposed for failure of industry professionals to provide licensing information to the responsible parties could be used to assist with these added costs. The Task Force did make recommendations this year that resulted in

several improvements to the database. Among those improvements made were the additions of 7 transaction form types, 19 functionality enhancements, 6 reconfigurations, and 19 fields requesting information, resulting in an added investment of \$81,650. To further enable the database operator to continue to make these enhanced compliance improvements, the Task Force recommends legislative changes on the following page regarding the direction of penalty payments in subsection (e)(2) be made to assist it in carrying out its duties set forth in IC 4-23-30-4, specifically the sharing of “information and resources necessary for the efficient administration of the tasks [of regulating the various participants involved in originating, issuing, and closing home loans; enforcing state laws and rules concerning mortgage lending practices and mortgage fraud; and preventing fraudulent practices in the home loan industry].” [IC 4-23-30-4(2)]

2. In addition to the change proposed above, the Task Force has considered the ongoing issue of licensee compliance with the requirement of providing license information to the responsible party to be entered into the RREALIN database. While a penalty is provided in those circumstances where information is not provided, members of the Task Force have observed the potential for fraudsters to bypass the safeguard this database provides by submitting false or misleading license information to be entered into the database. As a result, it is the recommendation of the Task Force that the same statute referenced above be additionally amended as provided on the following page with the addition of a new subsection (f). Not only will this provide additional measures to discipline those seeking to operate outside the law, the increased fee for an intentional and knowing violation will also serve as a deterrent from this behavior.

Recommendation for Proposed Legislative Amendment to IC 27-7-31.5-5

(e) Except for a person described in subsection (b)(8), (b)(9), (b)(10), or (b)(11), a person described in subsection (b) who fails to comply with subsection (d) is subject to a civil penalty of one hundred dollars (\$100) for each closing with respect to which the person fails to comply with subsection (d). The penalty:

(1) may be enforced by the state agency that has administrative jurisdiction over the person in the same manner that the agency enforces the payment of fees or other penalties payable to the agency; and

(2) shall be paid into ~~the home ownership education account established by IC 5-20-1-27~~ **the RREALIN maintenance and upgrade account maintained by the Department to be used for the purpose of operating and making improvements to the electronic system in subsection (b).**

(f) Except for a person described in subsection (b)(8), (b)(9), (b)(10), or (b)(11), a person described in subsection (b) who intentionally and knowingly provides false or misleading information in place of information required under subsection (d) is subject to a civil penalty

of one thousand dollars (\$1,000) for each closing with respect to which the person fails to comply with subsection (d). The penalty:

(1) may be enforced as provided by subsection (e); and

(2) shall be paid into the Department account established in subsection (e).